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Message Text

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16
ACTION NEA-12

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BEIRUT FOR LEFEAVER

EO 11652: NA
TAGS: BMEP, KU
SUBJ: MAJOR CONTRACTS FOR AMERICAN COMPANIES IMMINENT

REF: KUWAIT 0996

SUMMARY: GOK ON VERGE GRANTING TWO MAJOR CONTRACTS TO AMERICAN COMPANIES. CURTISS-WRIGHT HAS WON CONTRACT WORTH MORE THAN $30 MILLION TO PROVIDE GAS TURBINES AND DELEUW, CATHER HAS BEEN SELECTED TO DESIGN $100 MILLION EXPRESSWAY. TOGETHER CONTRACTS WORTH WELL OVER $40 MILLION EMBASSY PLEASED BY THESE DEVELOPMENTS AND BELIEVES BOTH COMPANIES SHOULD BE COMMENDED FOR THEIR HARD WORK, FLEXIBILITY AND SALESMANSHIP IN WINNING IMPORTANT CONTRACTS UNDER VERY STIFF COMPETITION. EMD SUMMARY

1. GOK ON VERGE CONCLUDING TWO MAJOR CONTRACTS WITH AMERICAN COMPANIES TOTAL VALUE OF WHICH WILL EXCEED $40 MILLION. MINISTRY ELECTRICITY AND WATER (MEW) HAS SELECTED CURTISS-WRIGHT TO PROVIDE TWO GAS TURBINES AT COST OF KD 13 MILLION (KD 1 EQUALS $3.38). MINISTRY OF PUBLIC WORKS HAS CHOSEN DELEUW, CATHER TO DESIGN $100 MILLION EXPRESSWAY.

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2. IN CASE OF CURTISS-WRIGHT CONTRACT, WE UNDERSTAND MEW HAS

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RECOMMENDED US COMPANY BE AWARDED CONTRACT. THIS RECOMMENDATION
MUST BE CONFIRMED BY CENTRAL TENDERS COMMITTEE SO THAT ACTURAL
SIGNING OF CONTRACT HAS NOT YET TAKEN PLACE. HOWEVER, MINISTER
CONFIRMED TO AMBASSADOR THAT CURTISS-WRIGHT WILL GET CONTRACT.
ORIGINALLY COMPANY'S BID NOT AMONG LOWEST BUT WHEN ALL BIDS
WERE ABOVE GOK BUDGET FOR THIS PROJECT, OPPORTUNITY AROSE
TO RE-SUBMIT BID. CURTISS-WRIGHT FOUND ITSELF IN "HORSE RACE"
WITH GERMAN GROUP (SIEMANS/AEG) WHOSE PRICE WAS CHEAPER.
HOWEVER, CURTISS-WRIGHT EQUIPMENT WAS MORE APPROPRIATE TO
KUWAITI REQUIREMENTS.

3. WE ARE ALSO GRATIFIED AT SELECTION OF AMERICAN COMPANY
BY MEW SINCE AT LEAST ONE KEY MINISTRY OFFICIAL HAS BEEN OPENLY
HOSTILE TO AMERICANS IN RECENT PAST. THIS SUGGESTS THAT AMERICAN
COMPANIES WITH GOOD PRODUCT AND COMPETITIVE PRICE WHO ARE ALSO
WILLING TO MOUNT VIGOROUS SALES CAMPAIGN DO HAVE CHANCE TO WIN
LARGE CONTRACTS EVEN WHEN NEGATIVE POLITICAL FACTORS EXIST.

4. DELEUW, CATHER WHO WAS IN COMPETITION WITH FIVE OTHER
AMERICAN COMPANIES HAS WON $10 MILLION CONTRACT TO DESIGN AND
SUPERVISE CONSTRUCTION OF EXPRESSWAY PROJECT WHICH WILL INCLUDE
SOME MODERN AND TECHNICALLY ADVANCED OVERPASS CONSTRUCTION.
COMPANY IS TO BE COMMENDED FOR ITS FLEXIBILITY AND IMAGINATION
WHICH GOT AROUND THORNY PROBLEM OF PREDICTING FUTURE CONSTRUCTION
AND MATERIALS COSTS. DELEUW, CATHER WILL OPEN OFFICE IN KUWAIT
FOR DURATION OF PROJECT WHICH EXPECTED TO LAST SIX YEARS.
COMPANY ALREADY HAS ANOTHER JOB HERE WHICH IT BEGAN LAST YEAR
AND IT IS CONFIDENT THAT IT WILL BE ABLE TO OBTAIN OTHER WORK
SINCE IT CAN BE MORE COMPETITIVE BECAUSE IT WILL ALREADY HAVE
STAFF AND RESOURCES IN KUWAIT THAT WILL ALLOW IT TO OFFER MORE
ATTRACTIVE BIDS ON OTHER CONTRACTS.

5. COMMENT: AS OF NOW, NEITHER CONTRACT HAS BEEN FINALLY
SIGNED BY ALL PARTIES. WE EXPECT THAT GOK WILL NOT RPT NOT
PUBLICIZE ITS AWARD OF TWO MAJOR CONTRACTS TO AMERICAN COMPANIES.
HOWEVER, WE BELIEVE THAT ONCE CONTRACTS HAVE BEEN SIGNED WIDE
PUBLICITY CAN BE GIVEN AND WE RECOMMEND THAT EMBASSY BEIRUT
PLAN ON DEVOTING AN ARTICLE TO THESE CONTRACT AWARDS TO AMERICAN
FIRMS IN THE NEXT ISSUE OF MIDDLE EAST AMERICAN. WE SHALL
ADVISE BEIRUT ONCE CONTRACTS HAVE BEEN SIGNED.
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